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**BARING ASSET MANAGEMENT, INC.**  
**GLOBAL FIXED: LEHMAN AGGREGATE BENCHMARK**

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FOR THE MONTH OF:                      **SEPTEMBER**                      **2008**

**MANAGER PERFORMANCE CALCULATIONS**

*\* Annualized returns*

	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
Baring FX	-1.04%	0.38%	5.62%	5.08%	4.82%
Lehman Aggregate	-1.34%	-0.49%	3.65%	4.15%	3.78%

**PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS**

Your portfolio outperformed the US market return this month (-1.0% versus -1.3%.) Our opportunistic bond market exposures outside the US contributed positively to performance as Australian, Mexican and UK bond markets outperformed. Currency exposures in Mexican peso and Polish zloty offset some of these gains. The move to risk aversion boosted the US dollar as investors repatriated their overseas investments as worries over global growth escalated.

Lehman Brothers was the largest casualty of the financial market meltdown that ensued this month. Other casualties from the US financial sector were Merrill Lynch (acquired by The Bank of America), American International Group (rescued by government intervention from potential collapse) and Wachovia (acquired by Citigroup with US taxpayers' support.) The demise of each of these financial institutions saw a flight from risk and a boost to US government bond markets.

The US government saw it necessary to intervene radically and outlined a whole range of new policy measures in order to solve the core problems within the financial sector. By removing illiquid securities such as Mortgage Backed Securities from bank's balance sheets they hoped to promote a normally functioning banking system. This resulted in US Treasury prices plummet back to their previous levels as risks of financial instability had fallen while risks to US public debt had simultaneously been raised significantly. The failure of the bailout plan to pass in Congress caught the market by surprise and initially US equity markets fell sharply.

Overall despite considerable intra month volatility, yields ended the month marginally higher with the 10 year benchmark yielding 3.8% though shorter dated 2 year bonds closed the period almost 40bps lower yielding 2.0% reflecting the flight to quality and liquidity.

Local currency emerging market debt suffered as investors began to repatriate their emerging market investments as worries over global growth escalated. The JP Morgan GBI EM Diversified index fell 5.4%.

Yields on UK government two year bonds fell from 4.5% to 4.0% over the month. Long dated yields rose from 4.4% to 4.5%. Fear of an increase in gilt sales as the government takes on more debt to help the economy restrained the performance of longer assets. Whilst growing optimism over the prospect of rate cuts fed into short dated Gilts. The UK financial sector also saw some losses this month with Lloyds TSB's rescue of HBOS and the part nationalisation of Bradford & Bingley.

We increased out MBS exposure taking our position to a small overweight. These instruments provided good relative value given their government support and were the best performing sector within the US Aggregate index over the month.

We opened a position in Canada via the purchase of an agency bond guaranteed by the Canadian government. Yields in Canada had jumped temporarily providing an attractive purchase price for the security.

**ORGANIZATIONAL/PERSONNEL CHANGES**

**MANAGER STYLE SUMMARY**

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**PORTFOLIO GUIDELINE COMPLIANCE**

SEPTEMBER 2008

Portfolio Guideline:	Baring FX	Min	Max	Compliance
A3. Rule 144A securities	0%		3%	ok
B2a. Regional/Sector Allocations:	100%			
NORTH AMERICA	100%	20%	100%	ok
Governments (incl Agy & Supranatl)	25%	0%	100%	ok
Mortgages (incl MBS & 1st Mtg Deb)	46%	0%	60%	ok
Corporates	26%	0%	50%	ok
US\$ Denominated Foreign Sovereigns	1%	0%	20%	ok
Canada	0%	0%	30%	ok
Cash	2%			
JAPAN	0%	0%	40%	ok
MEMBERS OF EMU AND UK	0%	0%	60%	ok
OTHER (ABS, CMBS, munis & other non	0%	0%	15%	ok
Quality Allocations:				
SUB-INVESTMENT GRADE	0%	0%	35%	ok
US \$ Denominated Corporates	0%	0%	100%	ok
US \$ Denominated Foreign Sovereigns	0%	0%	100%	ok
Non-US \$ Denominated Corporates	0%	0%	100%	ok
Non-US \$ Denominated Sovereigns	0%	0%	100%	ok
B2b. Effective Duration +/- 40% of Benchmark		2.68	6.26	
	4.95	4.47	◀ Leh Aggr	ok
B3a. Corporate securities of one issuer <=5%				ok
B3b. Number of positions	65%	30		ok
B3ci. Regional allocations above also apply to forwards				ok
B3cii. Max forward w/single counterpart <=25%				ok
E2. Annual Turnover	31%		250%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

**MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES**

E2. Annual Turnover: Annual turnover INCLUDING Mortgage B'kd - 265.25%

**ACCOUNT TURNOVER**

Gained:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
Lost:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
	Reason(s):	N/A			